

Tax Facts

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Quarterly Combined Excise Tax Return changes

Starting with the Quarter 3, 2004, Combined Excise Tax Returns, we will no longer provide a worksheet. This change reduces the state's printing and mailing costs.

Worksheets are available on our web site under "Forms." You may also call us at 1-800-647-7706 to have worksheets mailed to you.

Unclaimed property: upcoming due date

The Uniform Unclaimed Property (UCP) Act requires businesses to report property to the Department of Revenue after going unclaimed. The Department then attempts to return the property to its rightful owner. People can search for their unclaimed funds by visiting the UCP web site at <http://ucp.dor.wa.gov>.

Each year, businesses and other organizations that may be holders of unclaimed property must review their records to determine if they hold any property that has been unclaimed for the required period of time. Businesses complete a report and pay or turn over any qualifying property to the Department. The due date for the report is **November 1, 2004**. Unclaimed property that is reported late is subject to interest from the due date until paid.

We conduct audits to verify businesses are complying with the Uniform Unclaimed Property Act. To learn more about reporting requirements, businesses may request an onsite consultation visit or attend one of our holder education workshops. The next workshops will be held in early 2005.

Common types of unclaimed property reportable by businesses and the period of time after which they must be reported include:

- Uncashed payroll checks (after one year)
- Inactive bank accounts (after three years)
- Uncashed general checks (after three years)
- Customer credits (after three years)
- Utility deposits (after one year)
- Safe deposit box contents (after five years)
- Insurance proceeds (after three years)
- Stocks, bonds, and mutual funds (after three years)

You can submit unclaimed property reports by diskette using Excel or Excel convertible file format. For more information, visit our web site at <http://ucp.dor.wa.gov> or call (360) 705-6706. You may also e-mail your questions to ucp@dor.wa.gov.

Property Tax Reminder

Don't forget that **October 31, 2004**, is the due date for second-half payments of 2004 real and personal property taxes.

Property tax payments should be made to your county treasurer, either in person or by mail. Check your tax statement for your local treasurer's address and telephone number. If you pay by check, be sure to include the tax parcel or account number on the check, as well as the tax statement payment stub.

If you have specific questions about the valuation of your property, contact your county assessor's office.



Tax Workshops

Looking for a tax workshop in your area? Check out our web site! Throughout the year we offer workshops all over the state. To view the schedule, register for a workshop, or for more information, visit our web site at <http://dor.wa.gov> and click on *Doing Business*.

Once you find the workshop that's right for you, complete our online registration form to sign up. See you there!

Business Outreach Workshops are scheduled throughout 2004 and provide a basic overview of taxes that apply to various business activities in Washington.

DATE	LOCATION	ADDRESS	TIME
10/14/04	Bremerton	Central Kitsap Regional Library, Heninger Room, 1301 Sylvan Way (To register, please call 1-800-647-7706)	10:00 - 12:00
10/19/04	East Wenatchee	Douglas County Fire District, 377 Eastmont Avenue (To register, please call (509) 663-9741)	1:30 - 4:30
10/20/04	SeaTac	SeaTac City Hall, 4800 S 188th Street (To register, please call (253) 437-3440)	1:00 - 4:00
10/20/04	Spokane	Department of Revenue, 4407 N. Division, 8th floor of Northtown Office Building (To register, please call (509) 482-3805)	8:30 - 11:30; 1:30 - 4:30
10/20/04	Vancouver	Department of Revenue Training Room, 8008 NE Fourth Plain Boulevard, Suite 340 (To register, please call (360) 260-6178)	9:00 - 12:00; 1:00 - 4:00
10/21/04	Bellevue	Bellevue City Hall, Council Conference Room, 11511 Main Street (To register, please call (425) 452-6851)	1:00 - 4:00
11/2/04	Seattle	US Small Business Administration, SBA Business Enterprise Center, 1200 Sixth Ave., Suite 170 (Corner of Sixth and University in downtown Seattle). For directions to the SBA Enterprise Center, call (206) 553-7310 (To register, please call 206/956-3002)	10:00 - 12:00
11/9/04	Bellingham	Worksource Office, 101 Prospect Street, Suite 10, Conference Room (To register, please call (360) 738-6111)	1:00 - 4:00

Construction Workshops provide tax information specific to the construction industry, including: custom and speculative construction, government contracting, public road construction, and much more.

DATE	LOCATION	ADDRESS	TIME
10/12/04	Everett	Everett Community College, Conference Rooms A, B, and C, 2000 Tower Street (To register, please call 1-800-647-7706)	1:30 - 3:30

Questions & Answers

Q. Does sales tax apply to prescription eyeglass frames?

- A. No. Effective July 1, 2004, eyeglass frames sold for use with prescription lenses are exempt from retail sales tax. Previously, only prescription lenses were exempt from tax. The exemption provided by SB 5783 (Chapter 168, Laws of 2003) also includes all charges for repair and replacement parts.

The exemption does not extend to frames for nonprescription sunglasses, nonprescription reading glasses, or other nonprescription lenses.



Rule Making

The following is a recap of recent rule adoptions and repeals by the Department of Revenue. For more information regarding how these rules may affect you, contact us online at <http://dor.wa.gov> or call our Telephone Information Center at 1-800-647-7706.

Additional information regarding the Department's rule making, including rule making currently in progress, is available online at <http://dor.wa.gov>. Inquiries about a possible, proposed, or adopted rule may be directed to Alan R. Lynn, designated Rules Coordinator at (360) 570-6125 or alanl@dor.wa.gov.

Pursuant to RCW 34.05.330, a taxpayer has the right to petition the Department of Revenue to adopt, amend, or repeal any administrative rule. You may file a petition regarding any of the rules below or any other rule of the Department. You may obtain a copy of the petition form by downloading it from the Internet at <http://www.ofm.wa.gov/reports/petition.pdf> or by calling our Telephone Information Center.

Excise tax rules (WACs) adopted or amended:

- 458-20-104** **Small business tax relief based on income of business** – effective July 31, 2004. The amended rule details tax credits for small businesses. The rule has been amended to provide that all B&O tax credits are to be applied prior to determining eligibility for and the amount of available credit under RCW 82.04.4451.
- 458-20-207** **Legal, arbitration, and mediation services** – effective July 19, 2004. This rule explains the B&O tax reporting responsibilities for persons providing such services and details their sales and use tax obligations. The revised rule deletes a reference to an expired B&O tax classification and makes other reference changes.

Forest tax rules (WACs) adopted or amended:

- 458-40-640** **Timber excise tax – Stumpage value area (map)** – effective July 30, 2004. This updated rule provides an up-to-date map that identifies haul zones relative to the distance to the closest available harvested timber processing facility. These zones are used to adjust the taxable value of harvested timber.
- 458-40-660** **Timber excise tax – Stumpage value tables** – effective July 1, 2004. This rule is revised twice a year to provide the stumpage values used by timber harvesters to calculate the timber excise tax.

Special Notices

The following Special Notices were recently issued. These notices discuss current issues as well as changes resulting from new legislation. They are available online by visiting <http://dor.wa.gov> and clicking on *Special Notices* under *Quick Clicks*. You may also call **1-800-647-7706**.

Aircraft Prototype Exemption notes that the administration of this tax exemption was revised, effective July 1, 2004.

Estate Tax Filing Requirements – (updated 2004) updates a notice previously issued and details the differences between Washington's and the federal government's estate tax reporting requirements.

Eyeglass Frames and Medical Items discusses the limited changes to sales tax application for prescription drugs and medical items sold in Washington. The changes are a result of 2003 and 2004 legislation.

Gift Certificates and Gift Cards – Changes for Businesses/Holders provides information on law changes regarding gift certificates and gift cards.

Rentals of Motorized Recreational Vehicles (RVs) and Motor Homes explains the correct tax applications for rental car tax or motor vehicle tax to rentals of motorized RVs and motor homes.

Taxability of the Charter Boat Industry updates a notice previously issued to reflect current Department policies on charges for "skipped charters."

Changes to interpretive/policy statements

The Department issues interpretive and policy statements, such as Excise Tax Advisories (ETAs) and Property Tax Advisories (PTAs), to explain how tax applies to a specific set of facts or to address specific issues. These statements are issued or cancelled periodically based primarily on changes in the tax law. Statements that are cancelled can no longer be relied upon for tax application.

Excise tax advisories (ETAs) issued:

2002.16.179(6th Revision) Low-density light and power utility deduction – *effective June 29, 2004.*
2017.04.08 National Streamlined Sales and Use Tax Agreement – Definition of “tangible personal property” – *effective July 1, 2004.*

ETAs cancelled:

126.16.193 Storage and handling of grain for export – *effective June 30, 2004.*
143.04.193 Sales of four to government for export – *effective June 30, 2004.*
299.32.229 Retail sales tax refunds – *effective June 30, 2004.*
378.08.166 Transient guests – message service charges – *effective June 30, 2004.*
512.08.244 Food products sold through convenience food sales locations – *effective June 30, 2004.*
514.08.244 Dietary supplements – *effective June 30, 2004.*
536.04.08.151/18801 Kidney dialysis machines and heart pacemakers sales and use tax exemption – *effective June 30, 2004.*

On the Web



<http://dor.wa.gov>

Pay your Department of Revenue invoices/billings electronically

As of June 1, 2004, taxpayers have the ability to pay Department of Revenue invoices electronically. This new feature is offered only to taxpayers registered for E-file.

The new electronic payment option allows you to pay:

- Balance due assessments
- Unpaid tax returns
- Tax assessments

You can pay by:

- Credit card (American Express or Discover)
- Electronic funds transfer debit
- E-check

Access the electronic payment feature from our home page by logging into the **E-file** system. Click on *Account Information* to see if there are any outstanding invoices on your tax account. You can find *Account Information* at the bottom of the *Business Account Information* page while in **E-file**. Then choose your method of electronic payment. It's quick, easy, and available for E-filers now.

Out-of-state business guide now available online

The tax guide that was distributed at our recent series of workshops for out-of-state businesses is now available online. To view the guide, click on “Doing Business” from our home page, then select “Out-of-State Businesses” under “Helpful Information.”

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715.
Teletype (TTY) users please call 1-800-451-7985.



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